

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON EDUCATION AND CULTURAL RESOURCES

Call to Order: By **CHAIRMAN BILL GLASER**, on January 31, 2001 at 3:00 P.M., in Room 303 Capitol.

ROLL CALL

Members Present:

Sen. Bill Glaser, Chairman (R)
Sen. Jack Wells, Vice Chairman (R)
Sen. Dale Berry (R)
Sen. John C. Bohlinger (R)
Sen. Edward Butcher (R)
Sen. Jon Ellingson (D)
Sen. Jim Elliott (D)
Sen. Alvin Ellis Jr. (R)
Sen. Sam Kitzenberg (R)
Sen. Don Ryan (D)
Sen. Debbie Shea (D)
Sen. Mike Sprague (R)
Sen. Mignon Waterman (D)

Members Excused: Sen. John Cobb (R)

Members Absent: None.

Staff Present: Linda Ashworth, Committee Secretary
Eddy McClure, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 70, 1/23/2001; SB 312,
1/26/2001; SB 307, 1/26/2001
SB 273, 1/23/2001;

Executive Action:

HEARING ON SB 70

Sponsor: SEN. BILL GLASER, SD 8, Huntley

Proponents: **Linda McCulloch, Superintendent of Public Instruction**
 Dan Zorn, Assistant Superintendent, Kalispell Schools
 Jim Sadler, High School Trustee, Missoula
 Mary Vagner, Superintendent of Schools, Missoula
 Julie Mitchell, Trustee, Helena
 Dave Severson, Missoula Education Association, Missoula
 Lucia Solaronowork, Self, Missoula
 Lance Melton, Montana School Boards Association
 Tom Cotton, Superintendent of School Dist #1, Deer Lodge
 Julie Geddes, Trustee, Bozeman
 Karen Buley, Self, Missoula
 Anne Greene, Self, Missoula
 James Carkulis, Self, Missoula
 Nancy Pickhardt, Self, Missoula
 Sara Wecker, Self, Missoula
 Sarah Garcia, Self, Bozeman

Opponents: **SEN. ALVIN ELLIS, SD 12, Red Lodge**
 John McNeil, Superintendent of Schools, Savage

Opening Statement by Sponsor:

SEN. BILL GLASER opened on SB 70. He stated that this is an important piece of legislation. SB 70 increases the basic entitlement component in each of the next school years by the Consumer Price Index, referred to as the C.P.I. In high schools (7-12), the increase will be 3.3% from its current \$206,000 to \$212,798 in the first year. It will increase 2.5% from \$212,798 to \$218,118 in the second year. In Elementary schools (K-6), the increase will be by the same percentages, from \$18,540 to \$19,152 in the first year and from \$19,152 to \$19,631 in the second.

SB 70 increased the ANB entitlement component in each of the next school years by the C.P.I., taking high schools from \$5015 to \$5180, to \$5310. In elementary schools 3.3% again, the first year, \$3763 to \$3887, to \$3904 the second year.

SB 70 modifies the ANB entitlement \$.50 (fifty cents) decrease rate for high schools so the stop on the decrease is at the 600th child rather than the 800th child. It modifies a \$.20 (twenty cents) decrease for the elementary school that stops at the 800th child, rather than the 1000th child.

SEN. GLASER explained that this is the part of the bill that comprises the funding formula. The other half of the bill deals with the state's responsibility rather than the local property tax payer's responsibility to support schools. From there the direct state aid would be increased from the 44.7%, that was established in the special session, to 50%. The state's share of funding would increase from 63.7% to 73%. **SEN. GLASER** submitted written information, **EXHIBIT (eds25a01)**, to punctuate his testimony.

He explained that the bill deals with entitlement, the slope that is in the ANB entitlement and the local property relief component, which is the direct state aid.

SEN. GLASER spoke on the dynamics of the state of Montana. The rural communities are decreasing in number; the cities are reducing in kid numbers and the "donuts" around the towns are increasing in numbers, making it very difficult for the educational community to adjust the process of educating children in a changing environment.

SEN. GLASER stated the brief history of HB 667 which originated in the 1993 session of the legislature. He referred to the grafts, **EXHIBIT (1)**, which explained how the base entitlement works.

SEN. GLASER provided very precise written definitions, **EXHIBIT (eds25a02)**, explaining in detail the evolution of funding from 1991 to the present. **SEN. GLASER** reminded the committee of the definition of basic entitlement. The basic entitlement, when associated with the ANB entitlement, is indicative of what schools were doing with their expenditures in 1991. It didn't have to do with buildings or students, but with the way money was spent. He explained base entitlement from the side of the institution, explaining how the problems now lie in this area. The numbers of students are changing and the institutions are having a difficult time adjusting to the change.

SEN. GLASER informed the committee that before the floor action in the 1993 session, the ANB entitlement was the same for the first child, the 100th child and the 1000th child. Originally, the ANB entitlements were consistent, and the amount of money per child decreased as the size of the school got bigger. For example, for a child in a high school of 100 students, ANB was \$7050. At 500 ANB it was \$5300 and at 1000 ANB it was \$4981.

He further explained that the house floor then took 20 million dollars off the top and developed the increase per child up to 800 and the decrease per child up to 1000. We have a decrease in

revenue for a child, determined by the size of the school, and the decrease in revenue for a child which has been built into the formula.

SEN. GLASER stated that he had addressed that issue by increasing the amount of money for schools but consciously not changing the decrement from 50 cents for high schools and 20 cents for elementary schools.

In referring to the charts **EXHIBIT (1)**, **SEN. GLASER** pointed out that when the graphing was done in 1993 the base entitlement was not nearly as important, the reason being that elementary schools were smaller.

SEN. GLASER reiterated that people need to understand each part of the bill and try to understand the decrement cutoff point from 1000 to 800, 500 etc. In the future he suggested abolishing it, recommending caution because if change proceeds too quickly the smaller schools will be hurt in the process.

SEN. GLASER asserted there has been an ongoing misunderstanding, in school funding, concerning direct state aid. There would be 40 million dollars in direct state money in this bill that would deal with local support vs. state support of schools. It would not make anymore money available to schools unless the 40 million dollars in property tax relief would be considered part of education's share. **SEN. GLASER** maintained that the committee would hear that argument and agreed to some degree it is a legitimate argument.

Furthermore, **SEN. GLASER** spoke of the need to do a study, similar to that which was done in 1993, based on the 1991 information. The information is now nine years old.

In conclusion, **SEN. GLASER** reminded the committee that the bill is composed of many components. He suggested that those testifying inform the committee what they like or don't like about the bill. He also asked for the smaller schools to address the issues presented in the bill.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 17}

Proponents' Testimony:

Linda McCullouch, Superintendent of Public Instruction, rose in support of SB 70. **Ms. McCullouch** submitted written testimony, **EXHIBIT (eds25a03)**.

Dan Zorn, Assistant Superintendent of Schools, Kalispell, avowed support for SB 70. **Mr. Zorn** submitted written testimony, **EXHIBIT (eds25a04)**.

{Tape : 1; Side : A; Approx. Time Counter : 17 - 32}

{Tape : 1; Side : B; Approx. Time Counter : 0 - 2}

Jim Sadler, trustee on the Missoula School Board, rose in support of SB 70. **Mr. Sadler** introduced the members in the audience that had traveled to Helena with him and shared his support of the bill. **Mr. Sadler** alleged the Missoula schools have been cutting since 1994 and are now at a critical point where they can no longer guarantee students in the district a quality education. **Mr. Sadler** admonished the committee to do whatever it can and he pledged that any money would go into reducing class size.

Mary Vagner, Superintendent of the Missoula Schools, proclaimed support of SB 70. **Ms. Vagner** distributed a handout which was used during her testimony, **EXHIBIT (eds25a05)**, to draw attention to the concerns of her district. She gave the committee an overview of the reductions being made in the district and the problems arising from those reductions. **Ms. Vagner** maintained SB 70 was a beginning point and should be taken forward to work with other bills that have been introduced regarding continued adequate support for public schools.

Julie Mitchell, Helena School Board, presented testimony in support of SB 70. **Ms. Mitchell** submitted written testimony, **EXHIBIT (eds25a06)**.

Dave Severson, Missoula Education Association, submitted written testimony in support of SB 70, **EXHIBIT (eds25a07)**.

Lucia Solorsonowork, representing herself, stated support for SB 70. She professed her belief that SB 70 was a thoughtful and worthy bill that takes a strong stand on the importance of increasing direct state aid and changing the ANB cutoff point so that it more adequately serves students.

Lance Melton, Montana School Boards Association, pronounced support for SB 70. **Mr. Melton** spoke to the different components of the bill that **MSBA** supports. He affirmed the need to address past deficiencies as well as funding inflation on an ongoing basis. **Mr. Melton** clarified that some components of the bill deal with school funding and some deal with tax relief.

Tom Cotton, Superintendent of Deer Lodge School District #1, presented support for SB 70. **Mr. Cotton** provided budget information for his district, citing concerns of inadequate funding, **EXHIBIT(eds25a08)**.

{Tape : 1; Side : B; Approx. Time Counter : 2 - 32}

Julie Geddes, trustee of the Bozeman School District, declared support for SB 70. She stated that she sees education as a crucial part in changing our economy. The pendulum swings of the budget, as the budget authority shifts from session to session, makes it difficult for the districts to respond to the needs of the students. She asked the committee to continue to support education.

Karen Buley, representing herself, stood in support of SB 70. Ms. Buley submitted written testimony, **EXHIBIT(eds25a09)**.

Anne Greene, representing herself, endorsed SB 70. She submitted written testimony, **EXHIBIT(eds25a10)**.

James Carkulis, representing himself, rose in support of SB 70. **Mr. Carkulis** expounded on the importance of education to the economy and strongly encouraged the committee to create new ways of funding education.

Nancy Pickhardt, representing herself, cited support for SB 70. **Ms. Pickhardt** expanded on her experiences as a mother and PTA president, suggesting that businesses could be important partners with education. **Ms. Pickhardt** submitted a notebook of letters of support for SB 70, **EXHIBIT(eds25a11)**.

Sara Wecker, representing herself, stated support for SB 70.

Sara Garcia, representing herself, affirmed support for SB 70. She related experiences from the Bozeman Schools that punctuated the fact that many AA schools are in crisis. She argued that the public is now sacrificing quality education and the quality of teachers. She reiterated that public education should be a top priority in the state.

{Tape : 2; Side : A; Approx. Time Counter : 0 - 21}

Opponents' Testimony:

SEN. ALVIN ELLIS, SD 12, Red Lodge, elaborated on his opposition to SB 70. **SEN. ELLIS** responded to **SEN. GLASER'S** presentation. **SEN. ELLIS** explained the development of HB 667. He explained the

development of a graph which plotted the number of students on one side and the amount of spending per student on the other side. Also plotted on the graph were all the schools in the state of Montana. This formula created a wide disparity, which led to two court cases which judged the system unequal.

Referring back to the graph, **SEN. ELLIS** expanded on how federal law maintained that the disparity between the base level and the maximum level had to be 25%, which led to the development of an 80% and a 100% line. This was accomplished with a formula that fit the graph and included a sharp inclination at the beginning due to the fact that very small high schools and grade schools have a higher cost per student. A small school must still provide the same course work as a larger school.

SEN. ELLIS asserted that the basic structure of this system fit the pattern of how Montana schools were spending at the time. Beyond that, 36% of the students in the state of Montana fell below the 80% level with another six or eight percent rising above the 100% level. Initially, the formula coincided with the way schools were spending money. The increased costs came with increased students but was set at a higher level, even after the budget cuts that came about in the special session.

While he supported increases in the basic state aid before, **SEN. ELLIS** argued that this legislature has come under much criticism for not maintaining a constant level of support for general fund spending. He explained that part of the reason behind this was inherent in the formula because as schools passed the basic level, the responsibility moved to the local taxpayer. If a school moved, having more students below the base level than there were above, it was inherent that the state proportion of the general fund budget would drop.

SEN. ELLIS urged caution, contending that as the state's responsibility of this funding scheme increases, schools will become much more dependent on state revenues for increases in entitlements.

SEN. ELLIS cited another problem which concerns the increasing disparity between the large urban areas and the people in rural Montana. He explained that many double A schools are hitting the cap. **SEN. ELLIS** contended there are far more schools that are on the base as compared to the cap, but we have far more students on the cap as compared to the base, because the large schools are hitting the cap.

SEN. ELLIS contended that the basic structure of HB 667 was correct, at the time, and the incline at the end of **SEN. GLASER'S** graph must remain in the scheme.

{Tape : 2; Side : A; Approx. Time Counter : 21 - 32}

John McNeil, Superintendent of Savage Schools, rose in opposition to SB 70. **Mr. McNeil** grappled with the dilemma of having to oppose the bill. He clarified the bill does not do enough to fund large and small schools in the state of Montana. He also indicated opposition for the funding change stating that no money is being set aside to fund the base line. **Mr. McNeil** contended the dollars allotted have funded the increase in school costs, per child, but have not addressed the base line dollar and the devastation of inflation. **Mr. McNeil** reminded the committee they had campaigned to make education first and foremost in this session, concluding that the children need it and the children deserve it.

{Tape : 2; Side : B; Approx. Time Counter : 0 - 10}

Informational Testimony: None

Questions from Committee Members and Responses:

SEN. MIGNON WATERMAN questioned **SEN. GLASER** as to why he designed the amendment the way he did, suggesting all the dollars in the bill should go to school funding rather than going to tax relief. **SEN. GLASER** stated the Consumer Price Index was important. He believed that staying with the pure formula of 1993 was beneficial, and suggested that the bill had to have compromise for both sides. The amount of money in the bill for education is based on his dedication for the C.P.I. being the funding method.

He confirmed that the direct state aid in this bill is about how schools are funded and whether the funding comes from the state or local level. **SEN. GLASER** clarified that if the caps are released, without providing money in new direct state aid, then local property taxes will increase, and the public does not want that.

SEN. WATERMAN asked **Lance Melton** to refresh her memory in regards to the 1989 school funding suit and whether the state was assuming it's share of a quality basic education. She asked for clarification as to what the level of funding was when the lawsuit was decided in 1989, what it was in 1993 and what the state's share is today. **Mr. Melton** stated that the state failed to provide for a certain level of funding. Currently the state provides for 80% funding. At the time of the lawsuit the state's

share was 65%. In HB 667 it rose to 71.5%. Until the 1999 session it was headed for the high 50's, and as a result of the combined efforts of SB 100 in the last session, and HB 4 in the special session, it is now 63.94%. **SEN. WATERMAN** contended it is now where it was at the time of the lawsuit.

SEN. WATERMAN asked for clarification from **SEN. ELLIS** as to his concern with **SEN. GLASER'S** bill that it would make the education of children more dependent on legislative appropriations. **SEN. ELLIS** reported that the education committee has been critical of the legislature for allowing the state's share to drop, arguing that the state had a responsibility to fund schools as the 38% of schools below the base moved up to the base entitlement. He instructed that by increasing the state basic entitlement, for schools, the formulas used to fund them would become more dependent on state revenues.

SEN. WATERMAN commented that was what the school funding suit was about and she feels it is the responsibility of the state to fund education.

SEN. JON ELLINGSON, commended **SEN. GLASER** for the thought and energy he put into SB 70. **SEN. ELLINGSON** stated the state is close to bankruptcy and wondered where the money would come from to fund the bill if it passes. **SEN. GLASER** reiterated the importance of making sure educational funding is a high priority keeping it equitable and pure. He stated that these numbers were put in a year ago and this proposal is where he and the Chairman of Finance and Claims wish it to be.

SEN. JOHN BOHLINGER wondered if **SEN. GLASER** had developed a formula for adjusting the base entitlement to adjust for inflation. **SEN. GLASER** stated his belief that the data needs to be examined every few years. In the meantime, the only way to handle the situation is to continue to increase the monies available to schools, and allow the schools to request money from the voters that fits with the Consumer Price Index.

SEN. BOHLINGER questioned the possibility of a sales tax. **SEN. GLASER** predicted that a sales tax would not be forthcoming in the near future.

SEN. MIKE SPRAGUE wondered how bad this dilemma would become before something is done to change the funding mechanism. He also stated that there will never be an adequate source of inflation proof income. **Linda McCullouch, Superintendent of Public Instruction**, pointed out that it's as important to fund education in lean times as well as times of surplus.

{Tape : 2; Side : B; Approx. Time Counter : 10 - 32}

SEN. SPRAGUE wondered if **John McNeil** realized that 64% of all property tax goes to fund education and wondered how long we can keep this up before we are spread too thin. **Mr. McNeil** stated his support for a sales tax and encouraged the committee to look again at such a tax.

SEN. JIM ELLIOT purported that the state is now faced with two options-sales tax or raise taxes, and wondered if we can recover the tax breaks that were given to the large corporations in the United States by the state of Montana. **SEN. GLASER** maintained that this would be a balance between the two, allowing people to prosper in the state.

SEN. RYAN asked for clarification from **Linda McCullough** on comments made that accreditation standards, pertaining to class size, are artificial standards just to create jobs for educators. **Ms. McCullough** cited studies that repeatedly state that children have a better quality education when in a classroom of smaller numbers.

SEN. RYAN wondered if this bill would be able to meet the needs of all the districts, or if there was a way to work on a combination of the different ideas that have come from different areas. **SEN. GLASER**, speaking as the chair of the committee, explained that all the bills have been put together in the fashion that they have so that starting in the near future the committee will be considering all of the ideas.

SEN. SAM KITZENBERG entreated **Eric Feaver** to explain different options for school funding. **Mr. Feaver** stated that all schools and government are funded with taxes and explained several options that could be addressed.

{Tape : 3; Side : A; Approx. Time Counter : 0 - 18}

Closing by Sponsor:

SEN. GLASER closed on SB 70. He summarized that by analyzing the last eight years since HB 667, the children lost state funding during the first three years. Children were funded with local dollars by moving average per child dollars closer to the cap. The early nineties were the dark days for local taxpayers. In 1991 and 1993 the state had higher priorities than funding it's share of schools. For children and schools the local voters came forward and filled the gap. With general fund money, beginning in the 1997 session through the 1999 session and the 2000 special session, the state provided funding, on the average, above the

Consumer Price Index. He asked the committee to do four things: Do all you can; do what you do with a gentle but firm hand; do what you can with equity; remember your home, the taxpayers and the children.

{Tape : 3; Side : A; Approx. Time Counter : 10 - 15}

Closing by Sponsor:

HEARING ON SB 312

Sponsor: SEN. JIM ELLIOT, SD 36, Trout Creek

Proponents: Ron Rude, Superintendent of Schools, Plains
Lance Melton, Montana School Boards Association
Dave Puyear, Montana Rural Education Association
Eric Feaver, Montana Education Association/Montana
Federation of Teachers
Loran Frazier, School Administrators of Montana
Barry Stang, Self, St. Regis

Opponents: None

Opening Statement by Sponsor:

SEN. JIM ELLIOT opened on SB 312 stating the bill would be an act requiring that a school district base its ANB, for the ensuing school year, on a 5-year average of the district's average number belonging. SEN. ELLIOT contended that the concept is more important than the cost of the bill.

{Tape : 3; Side : A; Approx. Time Counter : 15 - 18}

Proponents' Testimony:

Ron Rude, Superintendent of Schools at Plains, rose in support of SB 312. He reflected the experience of his school district's funding struggles. Mr. Rude submitted additional testimony to defend his testimony, **EXHIBIT**(eds25a12).

{Tape : 3; Side : A; Approx. Time Counter : 18 - 32}

Lance Melton, Montana School Boards Association, vouched for SB 312. Mr. Melton stated appreciation for the intent of the bill. He stated this is an important issue that would serve the interests of many. Averaging enrollment, over time, would give a

greater level of predictability to the legislature and school districts. He suggested changing the fiscal impact by changing the effective date to July 1, 2003 or 2004.

Dave Puyear, Montana Rural Education Association, urged support of SB 312 echoing the comment of **Mr. Melton**.

Eric Feaver, Montana Education Association/Montana Federation of Teachers rose in strong support of SB 312.

Loran Frazier, School Administrators of Montana asserted that SB 312 is one that would help school districts do a better job of planning. He pointed out that declining enrollment takes away revenue, but declining enrollment does not take away the operating expenses of the districts. Averaging would help the schools adjust to the large drops in enrollment.

Barey Stang, representing himself, spoke in favor of SB 312 stating that this is a concept whose time has come.

{Tape : 3; Side : B; Approx. Time Counter : 0 - 9}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses: None

Closing by Sponsor:

SEN. ELLIOT closed on SB 312. **SEN. ELLIOT** commented that he had statistics based on a three year average and he would hand them out to the committee. He believed that there would be a declining fiscal impact over time. He also agreed with **Mr. Melton's** suggestion of changing the effective date to 2003-2004. He reminded the committee that it would cost the state money in times of declining enrollment, and would save the state money in times of decreasing enrollment. **SEN. ELLIOT** contended that the idea was not to give more money to schools and education but to make the funding process more predictable and more stable.

{Tape : 3; Side : B; Approx. Time Counter : 9 - 12}

HEARING ON SB 307

Sponsor: **SEN. DAN HARRINGTON, SD 19, Butte**

Proponents: **J. D. Lynch, Butte School District, Butte**

Lance Melton, Montana School Boards Association
Eric Feaver, Montana Education Association/Montana
Federation of Teachers
Dave Puyear, Montana Rural Education Association

Opponents: None

Opening Statement by Sponsor:

SEN. DAN HARRINGTON opened on SB 307. The purpose of the bill would allow school districts with declining enrollment, that have reached the cap, to vote 5% of the general fund budget. **SEN. HARRINGTON** argued that if we can't fund education we should allow the people to save the programs in their schools.

Proponents' Testimony:

J. D. Lynch, representing Butte School District #1, stood in support of SB 307 believing that this is crucial to districts with declining enrollment. He said we need to keep the education system intact and this bill would allow the local taxpayers to do so.

Lance Melton, Montana School Boards Association, averred support for SB 307 while harboring some misgivings.

Eric Feaver, Montana Education Association/Montana Federation of Teachers, rose in support of SB 307, echoing the concerns of previous testimony by **Mr. Melton.**

Dave Puyear, Montana Rural Education Association, echoed support for SB 307.

{Tape : 3; Side : B; Approx. Time Counter : 12 - 18}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses: None

Closing by Sponsor:

SEN. DAN HARRINGTON closed on SB 307 reiterating the reason this bill would give the people the right to save their schools.

{Tape : 3; Side : B; Approx. Time Counter : 18 - 19}

HEARING ON SB 273

Sponsor: SEN. COREY STAPLETON, SD 10, Billings

Proponents: Geoff Feiss, Montana Telecommunication Association
Dustin Stewart, Associated Student of Montana
State University
Dan Douthit, Self, Red Lodge
Kira Kuntz, Student Body President, Montana State
University
Trevor Blyth, Self, Billings
Dustin Adams, Self, Bozeman
Matthew Jozovich, Self, Butte
Steve Milodragovich, Self, Great Falls
Brandon DeShaw, President of the Associated
Students, Montana Tech
Beau Dobbs, Self, Bozeman
Alliston Reddig, Self, Glasgow

Opponents: Danielle Bourdeaw, Self, Great Falls

Opening Statement by Sponsor:

SEN. COREY STAPLETON opened on SB 273. He stated that the purpose of the bill would be to provide incentive for Montana businesses to hire and retain Montana college graduates. It would also provide an incentive for Montana college graduates to remain in the state after college, thus enhancing and vitalizing our workforce. SEN. STAPLETON offered an amendment (SB027301.alh) to SB 273, **EXHIBIT**(eds25a13).

{Tape : 3; Side : A; Approx. Time Counter : 19 - 32}

Proponents' Testimony:

Geoff Feiss, Montana Telecommunications Association, rose in support for SB 273 recounting that it is a great start and called attention to several points of the bill that he felt should be changed. Among these, the definitions of qualified employers, as well as the term, "qualified graduates".

Dustin Stewart, Associated Students of Montana State University, submitted information that punctuated his support for SB 273, **EXHIBIT**(eds25a14). Mr. Stewart expanded on the positive impact this bill would have on economic development in the state.

Dan Douthit, representing himself, related personal experience in supporting SB 273.

Kira Kuntz, Student Body President of Montana State University, stated strong support for SB 273 which would give students an incentive for staying in Montana. She pointed out that the state of Montana makes a large financial investment in its students and it is a shame to lose the best and brightest students to other states.

Trevor Blyth, representing himself, maintained support for SB 273 asserting that the bill would provide incentives to stay in Montana.

Dustin Adams, representing himself, avowed support for SB 273.

Matthew Jozovich, representing himself, rose in support of SB 273.

Steve Milodragovich, representing himself, echoed previous testimony in supporting SB 273.

Brandon DeShaw, President of the Associated Students of Montana Tech, affirmed support for SB 273, although he stated he will be leaving the state following graduation.

Beau Dobbs, representing himself, proclaimed support for SB 273 stating that it would provide incentives for students to stay in the state. He suggested that there needs to be more jobs in the state to recruit the graduating students.

Allison Reddig, representing herself, offered support for SB 273 which would offer students a chance to stay in Montana and pay off loans.

{Tape : 4; Side : A; Approx. Time Counter : 0 - 10}

Opponents' Testimony:

Danielle Burdeaw, speaking for herself, stated opposition to SB 273 charging that the bill would not create a large enough incentive to keep students in the state and would be costly to an already economically strapped situation. **Ms. Burdeaw** suggested the money be used to help students pay tuition while attending schools in Montana since the high tuition costs are keeping many prospective students away.

{Tape : 4; Side : A; Approx. Time Counter : 10 - 12}

Informational Testimony: None

Questions from Committee Members and Responses:

SEN. WATERMAN asked for clarification as to why the sponsor chose to exclude two year college students. **SEN. STAPLETON** responded that he chose the bachelor degree students because they would offer more experience to the economic systems of Montana.

SEN. WATERMAN stated that under this bill teachers and their employers are not going to realize a benefit. She also cited other employers in her district that would be excluded and wondered why only for-profit employers could take advantage of this. **SEN. STAPLETON** responded that for-profit groups pay taxes.

As a follow-up **SEN. WATERMAN** queried if the graduates who went to work for the non-profit groups would get the tax credit. **SEN. STAPLETON** answered in the affirmative.

SEN. DEBBIE SHEA questioned if this would allow graduates to get the experience they need and then have them leave the state as more hireable to out of state employers. **SEN. STAPLETON** stated his belief that if students stay for a short time they will probably stay for the long term.

{Tape : 4; Side : A; Approx. Time Counter : 12 - 32}

SEN. BOHLINGER suggested an amendment to strike the corporation tax credit and increase the graduate payment. **SEN. STAPLETON** speculated that this bill would not be a quick fix and he wanted to encourage businesses as much as the students.

SEN. BOHLINGER questioned whether we have given enough incentives to businesses. **SEN. STAPLETON** agreed with **SEN. BOHLINGER** but could not give an answer to his question and would defer to the wishes of the committee.

SEN. WELLS wondered if there would be anything in the fiscal note that would show the increase in income taxes generated by the students that would stay in Montana. **SEN. STAPLETON** clarified that this bill would increase investment return and a true fiscal note would be positive.

CHAIRMAN GLASER asked the sponsor if he would consider a delay of the implementation of the \$500.00, six month component of the bill, for two years, or saving the \$1000.00 until the end of the two years and doing away with the \$500.00. **SEN. STAPLETON** pronounced that he would consider both and would be interested in

seeing if something would be implemented that would send a message.

{Tape : 4; Side : B; Approx. Time Counter : 0 - 9}

Closing by Sponsor:

SEN. STAPLETON closed on SB 273. He summarized that the bill would be long term which would send an important message. He advised the committee to prioritize this legislation and make it happen.

{Tape : 4; Side : B; Approx. Time Counter : 9 - 11}

EXHIBIT (eds25a15)

EXHIBIT (eds25a16)

EXHIBIT (eds25a17)

EXHIBIT (eds25a18)

ADJOURNMENT

Adjournment: 7:00 P.M.

SEN. BILL GLASER, Chairman

LINDA ASHWORTH, Secretary

BG/LA

EXHIBIT (eds25aad)